CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three months ended June 30, 2014

(Unaudited)

CANADIAN MUSEUM FOR
HUMAN RIGHTS
MUSÉE CANADIEN POUR LES
DROITS DE LA PERSONNE

Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three months ended June 30, 2014

The quarterly financial statements for the Canadian Museum for Human Rights (CMHR) (the Corporation) must be read in conjunction with the March 31, 2014 Management Discussion and Analysis and Annual Audited Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Refer to Management's Discussion and Analysis as presented in the March 31, 2014 Annual Report. Updates for the quarter ended June 30, 2014 are as follows.

Statement of Financial Position: June 30, 2014

Total Assets increased $9.2 million from $349.4 million at March 31, 2014 to $358.6 million at June 30, 2014 due to restricted funds received from Friends of CMHR and an increase in Assets under construction that reflects the continued investment in exhibit fit up, design and fabrication.

Total Liabilities increased $8.7 million from March 31, 2014 primarily due to a net increase in Deferred contributions and Deferred contributions related to capital assets offset by a decrease in construction accounts payable.

Net assets increased by $0.5 million from March 31, 2014 representing excess of revenue over expenses.

Statement of Operations:

For the three months ended June 30, 2014

Parliamentary appropriations were $6.9 million for the three months ended June 30, 2014 in comparison to $3.9 million for the three months ended June 30, 2013.

Expenses for the three months ended June 30, 2014 were $7.5 million in comparison to $4.1 million for the three months ended June 30, 2013. This increase is mainly attributable to the following:

- Museum content and program expenses increased by $0.6 million due to $0.2 million for professional services related to inauguration and $0.3 million increase in additional term project staff to develop the exhibits, content and programming for inauguration and exhibit expenses related to imaging sourcing and text writing
- Permanent building and temporary accommodation expenses increased by $2.5 million including a $2.3 million increase in amortization of capital assets due to the base building being put into use and $0.2 million increase in facility costs related to operating costs for the new building.

For the three months ended June 30, 2014 the Corporation finished the period in a positive operating position of $0.6 million.

Cash Flow:

For the three months ended June 30, 2014

Cash increased by $5.7 million in the three months ended June 30, 2014 primarily due to $12.0 million in restricted funds received from Friends of CMHR and $2.7 million cash from operating activities offset by $8.9 million used for assets under construction. This is compared to the decrease in cash of $15.8 million in the three months ended June 30, 2013 primarily due to construction expenditures, release of holdback account funds offset by Government of Canada funding received for assets under construction.

Outlook and Risk Analysis:

Management continues to closely monitor risks and strategies related to the completion of the Capital Project. The fit-up of the gallery spaces, fabrication and installation of the exhibitions remains a primary focus and the Museum continues to ensure work plans are aligned to meet the opening on September 20, 2014.

As the Museum prepares to transition from construction to operations in the next quarter, evaluation of projected post inauguration operating needs will continue. Estimates and timing of the Corporation's ongoing requirements will be affirmed and/or re-adjusted through 2014-2015 as inaugural exhibits, public programs, operating systems and revenue generating initiatives are implemented to meet earned and contributed revenue targets after opening.

STATEMENT OF MANAGEMENT RESPONSIBILTY BY SENIOR OFFICIALS

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.

Stuart Murray, President & Chief Executive Officer

Winnipeg, Canada
August 20, 2014

Susanne Robertson, CA, Chief Financial Officer

Winnipeg, Canada
August 20, 2014

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three months ended June 30, 2014

(Unaudited)

Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	June 30, 2014	March 31, 2014
Assets		
Current assets:		
Cash	$ 9,976	$ 6,996
Restricted cash (note 3)	14,197	10,926
Accounts receivable	328	696
Prepaid expenses and other assets	569	464
Holdback account (note 4)	1,000	1,558
	26,070	20,640
Capital assets (note 5):		
Assets available for use	289,345	290,721
Assets under construction	43,196	38,051
Total Assets	**$ 358,611**	**$ 349,412**
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 10,045	$ 12,205
Holdback payable (note 4)	1,000	1,558
	11,045	13,763
Deferred contributions (note 6)	9,749	2,117
Deferred contributions related to capital assets (note 7)	327,562	323,793
Total Liabilities	348,356	339,673
Net assets:		
Unrestricted	5,157	4,604
Invested in capital assets (note 9)	4,979	4,979
Accumulated remeasurement gains	119	156
	10,255	9,739
Total Liabilities and Net Assets	**$ 358,611**	**$ 349,412**

Contractual obligations (note 10)

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Operations

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	2014	2013
Revenue:		
Revenues related to the amortization of deferred contributions from other donors	$ 1,076	$ -
Other income	70	32
Total revenue	1,146	32
Expenses:		
Museum content and program	2,283	1,711
Permanent building and temporary accommodation	3,550	1,032
Stewardship and corporate management	1,700	1,389
Total expenses	7,533	4,132
Excess of expenses over revenue before Parliamentary appropriations	(6,387)	(4,100)
Parliamentary appropriations (note 8)	6,940	3,934
Excess of revenue over expenses (expenses over revenue) after Parliamentary appropriations	**$ 553**	**$ (166)**

The accompanying notes form an integral part of the quarterly financial statements.

Statement of Remeasurement Gains

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	2014	2013
Accumulated remeasurement gains , beginning of period	$ 156	$ 45
Unrealized (losses) gains attributable to:		
Foreign exchange	(24)	73
Amounts reclassified to the Statement of Operations:		
Foreign exchange	(13)	-
Amounts reclassified to deferred contributions:		
Net remeasurement (loss) gain for the period	(37)	73
Accumulated remeasurement gains, end of period	**$ 119**	**$ 118**

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Changes in Net Assets

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	Unrestricted	Invested in capital assets	Accumulated remeasure-ment gains (losses)	2014	2013
Net Assets, beginning of period	$ 4,604	$ 4,979	$ 156	$ 9,739	$ 9,196
Excess of revenue over expenses (expenses over revenue) after Parliamentary appropriations	553	-	-	553	(166)
Net change in accumulated remeasurement gains	-	-	(37)	(37)	73
Net Assets, end of period	**$ 5,157**	**$ 4,979**	**$ 119**	**$ 10,255**	**$ 9,103**

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Cash Flows

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	2014	2013
Operating activities:		
Cash receipts (Parliamentary appropriations)	$ 7,371	$ 3,573
Cash receipts (other income)	69	33
Cash payments to and on behalf of employees	(2,233)	(1,865)
Cash payments to suppliers	(2,504)	(2,216)
	2,703	(475)
Capital activities:		
Acquisition of assets under construction	(5,943)	(19,950)
Acquisition of assets available for use	(3,207)	(498)
	(9,150)	(20,448)
Investing activities:		
Revaluation of US currency	(34)	77
	(34)	77
Financing activities:		
Parliamentary appropriation for the acquisition of capital assets available for use	133	88
Government of Canada funding for assets under construction and related investment income	41	4,420
Contributions from non-government sources for assets under construction and related investment income	12,000	500
	12,174	5,008
Increase/(Decrease) in cash and cash equivalents	5,693	(15,838)
Cash, beginning of period		
Operating cash	6,996	6,871
Restricted cash	10,926	22,160
Holdback account	1,558	11,797
	19,480	40,828
Cash, end of period		
Operating cash	9,976	6,557
Restricted Cash	14,197	17,798
Holdback account	1,000	635
	$ 25,173	$ 24,990

The accompanying notes form an integral part of the quarterly financial statements.

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1. **Authority and mandate:**

The Canadian Museum for Human Rights (the "Corporation") was established through amendments to the *Museums Act* on August 10, 2008 and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is not subject to income tax under the provisions of the *Income Tax Act*.

The Corporation reports to Parliament through the Minister of Canadian Heritage and Official Languages.

The mandate, as stated in the amendments to the *Museums Act*, is as follows:

> *"to explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue."*

2. **Significant accounting policies:**

The quarterly financial statements have been prepared in accordance with the 4200 series of the Canadian Public Sector Accounting Standards (PSAS) for government not-for-profit organizations. The same accounting policies and methods of computation are followed in the quarterly financial statements as compared to the March 31, 2014 Annual Audited Financial Statements.

3. Restricted cash

Restricted cash is restricted for use in the Capital Project and arise from contributions received from non-government entities, assistance from other governments and Parliamentary appropriations.

	June 30, 2014			March 31, 2014	
	Cost	Unrealized gains	Fair value	Cost	Fair value
Restricted cash	$ 14,139	$ 58	$ 14,197	$ 10,834	$ 10,926

The change in restricted cash is comprised of the following:

Three months ended	June 30, 2014
Balance, beginning of period	$ 10,926
Add contributions received during the period	12,000
Add deferred Parliamentary appropriations	-
Add deferred interest income	38
Less unrealized loss on cash	(34)
Less amounts used to purchase capital assets	(8,733)
Balance, end of period	$ 14,197

4. Holdback account and holdback payable:

	June 30, 2014	March 31, 2014
Balance, beginning of period	$ 1,558	$ 11,797
Additions for the period	196	1,773
Holdback paid during period	(754)	(11,807)
Interest paid during the period	-	(205)
Balance, end of period	$ 1,000	$ 1,558

In accordance with the construction contract for the Museum building and the *Builder's Lien Act* of Manitoba, the Corporation is required to holdback 7.5% of progress billings. These amounts are restricted in nature and recorded as an asset and liability. The restricted funds will be paid out upon certified completion of the subcontracts in accordance with the *Builder's Lien Act* of Manitoba. The total holdback cash account balance and related liability at June 30, 2014 was $1.0 million (March 31, 2014 - $1.6 million), of which $1.0 million (March 31, 2014 - $1.6 million) is current. As of June 30, 2014 the holdback primarily relates to exhibit fit up construction.

5. Capital assets:

	Cost March 31, 2014	Additions	Disposals	Cost June 30, 2014
Land	$ 4,979	$ -	$ -	$ 4,979
Building				
Base	234,671	669	-	235,340
Electrical	20,566	50	-	20,616
Mechanical	27,493	67	-	27,560
Computer equipment, hardware and software	5,681	277		5,958
Leasehold improvements	563	-	-	563
Furniture and equipment	1,099	43	-	1,142
Films	61	-	-	61
Website development	57	15	-	72
Sub-total – Assets available for use	295,170	1,121	-	296,291
Assets under construction	38,051	5,145	-	43,196
	$ 333,221	$ 6,266	$ -	$ 339,487

	Accumulated amortization March 31, 2014	Amortization expense	Disposals	Accumulated amortization June 30, 2014
Land	$ -	$ -	$ -	$ -
Building				
Base	1,388	1,468	-	2,856
Electrical	244	257	-	501
Mechanical	325	344	-	669
Computer equipment, hardware and software	1,684	402	-	2,086
Leasehold improvements	563	-	-	563
Furniture and equipment	188	26	-	214
Films	-	-	-	-
Website development	57	-	-	57
Sub-total – Assets available for use	4,449	2,497	-	6,946
Assets under construction	-	-	-	-
	$ 4,449	$ 2,497	$ -	$ 6,946

	Net book value March 31, 2014	Net book value June 30, 2014
Land	$ 4,979	$ 4,979
Building		
Base	233,283	232,484
Electrical	20,322	20,115
Mechanical	27,168	26,891
Computer equipment, hardware and software	3,997	3,872
Leasehold improvements	-	-
Furniture and equipment	911	928
Films	61	61
Website development	-	15
Sub-total – Assets available for use	290,721	289,345
Assets under construction	38,051	43,196
	$ 328,772	$ 332,541

On April 15, 2009, the Corporation acquired land for the Museum project from the City of Winnipeg and The Forks Renewal Corporation. The ownership of land reverts back to the City of Winnipeg and The Forks Renewal Corporation should the land no longer be used for the purposes of the Museum, or such other purposes as approved by the previous owners. The Corporation's Management estimated that the Museum's river-front parcel should be valued at $4.9 million plus related legal costs based on the information provided by an independent market evaluation.

The amortization expense for the three months ended June 30, 2014 is $2,497 (2013 - $172).

Assets under construction represent costs incurred for the development and construction of the Capital Project. The assets under construction are comprised of the following costs incurred to date:

	June 30, 2014	March 31, 2014
Building design and construction	$ 750	$ 726
Exhibit fit up, design and fabrication	41,568	36,529
Website development (Version 3)	412	371
Enterprise Content Management System	466	425
	$ 43,196	$ 38,051

6. **Deferred contributions:**

Deferred contributions recorded by the Corporation are as follows:

	June 30, 2014	March 31, 2014
Deferred contributions restricted for the purchase of capital assets	$ 9,749	$ 2,117

Changes in the deferred contributions balance during the period were as follows:

Three months ended	June 30, 2014
Balance, beginning of period	$ 2,117
Additions:	
Government of Canada appropriations [1]	-
Deferred Operating Parliamentary appropriations	1,900
Non-government and other government sources	12,000
Deferred investment income (loss)	38
	13,938
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(6,075)
Amounts recognized as revenue	(231)
	(6,306)
Balance, end of period	$ 9,749

[1] In June 2012, the Government of Canada approved the use of $35 million of future years' operating and capital appropriations, of which $25 million was authorized for 2012-2013 and $10 million for 2013-2014. The Corporation plans to decrease its level of appropriations over six years commencing in 2018-2019.

7. Deferred contributions related to capital assets:

Changes in the deferred contributions related to capital assets are composed of:

Three months ended	June 30, 2014
Balance, beginning of period	$ 323,793
Amounts transferred from deferred contributions	6,075
Government contributions:	
Other Government of Canada assistance	137
Non-government contributions:	
Capital contributions-in-kind from Friends of the CMHR	50
Capital contributions-in-kind from the City of Winnipeg	4
Amortization of deferred contributions related to capital assets available for use	(2,497)
Balance, end of period	$ 327,562

8. Parliamentary appropriations:

Three months ended	June 30, 2014	June 30, 2013
Main estimates amount provided for operating and capital expenditures	$ 7,325	$ 3,900
Less current period Parliamentary appropriations not recognized as revenue:		
Operating contribution received in advance	(1,900)	-
Amounts used to purchase capital assets	(137)	(368)
Add prior year Parliamentary appropriations recognized as revenue in the current period:		
Amortization of deferred contributions related to capital assets available for use	1,421	172
Restricted amounts used in current period	231	230
	$ 6,940	$ 3,934

9. Net assets invested in capital assets:

The net investment in capital assets consists of the land donated by the City of Winnipeg and The Forks Renewal Corporation as follows:

	June 30, 2014	March 31, 2014
Capital assets	$ 332,541	$ 328,772
Less amounts financed by deferred contributions related to capital assets	(327,562)	(323,793)
	$ 4,979	$ 4,979

10. Contractual obligations:

In addition to the commitments as at March 31, 2014, the Corporation entered into additional long-term contracts for $0.4 million relating to equipment and services for the Capital Project which will require payment within one year.